

Performance Review of Guar seed Contract

Guar Seed

1. Background

- a. Brief about the commodity such as sample picture, lifecycle and various varieties/grade of the commodity found in India:



The guar or cluster bean, with the botanical name *Cyamopsis tetragonoloba*, is an annual legume and the source of guar gum. It is triggered by demand for Guar gum which is obtained by processing Guar seed. The by-products of Guar processing are 'Churi' and 'Korma'. Guar gum recovery normally constitutes around 30% of the total Guar seed processed, whereas Churi and Korma also known as gavar, gawar, or guvar bean. bean is a drought-tolerant annual legume crop. It is traditionally being used as animal feed and fodder and green manure, while green pods of Guar are consumed as a vegetable. Commercial cultivation of Guar is together account for around 66%. Guar Gum has wide ranging industrial applications, the major one being that as a controlling agent in oil wells to facilitate drilling and prevent fluid loss. Churi and Korma, on the other hand, form the part of animal feed/ fishmeal.



Guar seed Cultivation:

Guar seed plant requires sandy soils and low rainfall for its growth. The crop is hardy. The crop tolerates high temperatures and dry conditions and is adapted to arid and semi-arid climate. It requires a relatively long growing season of 20-25 weeks. Guar seed is a Kharif Season crop in India. Generally, it is sown immediately after first showers in July and sowing continues till September in few areas. Harvesting generally begins from October and continues till December. In India Rajasthan is the largest Guar seed producer with more than 70% share in domestic production. Rajasthan, Gujarat and Haryana constitute more than 98% of acreage and production.

Major Varieties:

RCG 197, RCG 936, RCG 1003,

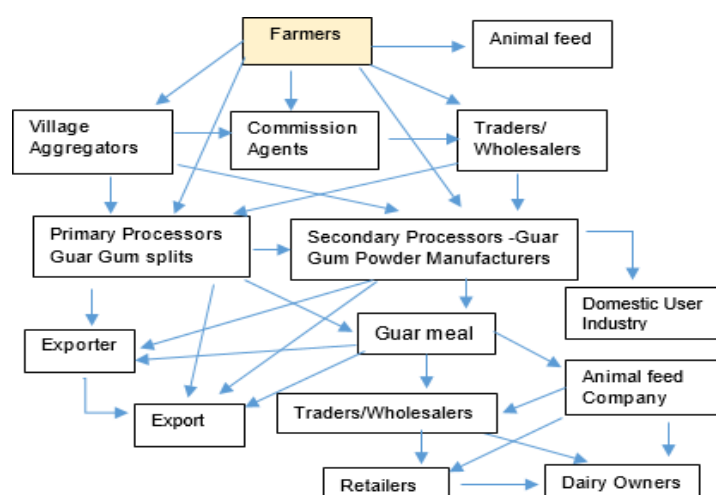
RCG 1038, Guar Kranti (RGC- 1031), Bundel (Guar- 1, Guar-2, Guar-3)

Important Quality Parametres:

Whitish Seed	98% basis
Foreign Matter	1% basis
Damaged seed	1% basis
Moisture	8% basis

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Value Chain of the commodity:



b. Commodity fundamentals and balance sheet as per the following format (to be prepared based on publicly available information on best effort basis):

(In Lakh MT)

Global Scenario	Previous FY (2018)	Current FY (2019)
Opening Stocks	NA	NA
Production	NA	NA
Imports	NA	NA
Total Supply	NA	NA
Exports	NA	NA
Domestic Consumption	NA	NA
Ending Stocks	NA	NA

NA: Data is not available in the public domain

(In Lakh MT)

Indian Scenario	Previous FY (2018-19)	Current FY (2019-20) (P)
Opening Stocks	NA	NA
Production	13.01	13.16
Imports	NA	NA
Total Supply	NA	NA
Exports	NA	NA
Domestic Consumption	NA	NA
Ending Stocks	NA	NA

Source: Ministry of Agriculture of Rajasthan, Gujarat and Haryana states; The total of Guar seed production of these three states is considered as near-proxy for All-India Guar seed production, as these states together forms more than 98% of domestic Guar seed output

India does not import or export Guar Seed. NA: Data is not available in the public domain.

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(In Lakh MT)

Rank	Top 10 Major Producing Countries			Top 10 Major Consuming Countries		
	Country	Previous FY	Current FY	Country	Previous FY	Current FY
	NA			NA		

Data is not available in public domain. As per market feedback, India is the largest producer of Guar seed in the world, which accounts for around 80% of the annual world production followed by Pakistan which has a share of around 15% in world production. Other countries including Sudan and parts of USA contributes for the remaining 5%.

Rank	Top 10 Major Exporting Countries			Top 10 Major Importing Countries		
	Country	Previous FY	Current FY	Country	Previous FY	Current FY
	NA			NA		

Data is not available in public domain. India does not import Guar seed. There is no direct export of Guar seed but its derivatives, i.e. Guar Gum, Guar Gum refined splits and Guar meal is exported from India. As per market feedback, India has been the largest exporter of Guar gum and accounts for more than 80% of world exports.

(In Lakh MT)

Top 10 Major producing states in India			
Rank	States	Previous FY	Current FY
1	Rajasthan	#10.31	**12.08
2	Gujarat	#0.76	**1.08
3	Haryana	1.94	NA
	All-India	13.01	13.16

Source: Production data sourced from Agriculture Ministry of respective state governments.

#: Fourth Advance Estimates of Production released by the respective state governments for 2018-19

** : Second Advance Estimates of Production released by the respective state governments for 2019-20 Previous FY is 2018-19 and Current Year is 2019-20

The share of other states (except for top 3 states) in total domestic production is negligible. Top three states together form more than 98% of domestic Guar seed output

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a. Major changes in the polices governing trade in the spot markets of the commodity (FY 2019-20): No

b. Geo political issues in the commodity and its impact on Indian scenario (FY 2019-20)

US Iran Tension, Corona virus outbreak and subsequently nationwide lockdown and lockdown in other countries impacted the business and trade activity.

1. Trading related parameter

a) Monthly and Annual traded volume (quantity in appropriate units) –

NIL

b) Annual traded volume as proportion of total deliverable supply (quantity in appropriate units)-

NIL

c) Annual traded volume as proportion of total annual production (quantity in appropriate units) –

NIL

d) Annual average Open interest as proportion of total production-

NIL

e) Annual average Open interest as proportion of total deliverable supply-

NIL

f) Monthly and Annual value of trade (in Rs. Crores) –

NIL

g) Monthly and Annual quantity of delivery (in appropriate units)-

NIL

h) Monthly and Annual value of delivery (in Rs. Crores) –

NIL

i) Monthly and Annual Average Open Interest (OI) (in appropriate units)-

NIL

j) Annual average volume to open interest ratio-

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NIL

k) Total number of unique members and clients who have traded during the financial year-

NIL

**l) Ratio of open interest by FPOs/farmers/Hedge/VCP positions to total open interest
(Annual average as well as maximum daily value)-**

NIL

m) Number of unique FPOs / farmers and VCPs/hedgers who traded in the financial year –

NIL

n) Algorithmic trading as percentage of total trading

Not Applicable

- o) Delivery defaults - NIL
- i) Number of instances-
 - ii) Quantity involved
 - iii) Value involved

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1. Price movements

- a) **Comparison, correlation and ratio of standard deviation of Exchange futures price vis-à-vis international futures price (wherever relevant comparable are available)**

Not Applicable

- b) **Correlation between exchange futures & domestic spot prices along with ratio of standard deviation**

Not Applicable

- c) **Correlation between international futures & international spot prices along with ratio of standard deviation (wherever relevant comparable are available-**

Not Applicable

- d) **Comparison of Exchange polled price and mandi price (in case of agricultural commodities) / other relevant price (in case non - agricultural commodities) at basis centre**

Not Applicable

- e) **Maximum & Minimum value of daily futures price volatility and spot price volatility along with disclosure of methodology adopted for computing the volatility-**

Futures: Not Applicable

Commodity	Maximum spot price volatility	Minimum spot price volatility
GAURS	5.10%	-4.0%

- f) **Number of times the futures contract was in backwardation/contango by more than 4% for the near month contract in the period under review-**

Not Applicable

2. Other parameters

- a) **Qualitative and quantitative measure for Hedge effectiveness ratio and basis Risk (Volatility of Basis) along with disclosure of methodology adopted for such calculations-**

Not Applicable

- b) **Details about major physical markets of the commodity vis – à - vis market reach in terms of availability of delivery centres (information to be provided state – wise and UT - wise).**

Not Applicable

- c) **Details about major physical markets of the commodity and average Open Interest for each month generated from those regions.**

Not Applicable

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- d) Details, such as number and target audience, of stakeholders' awareness programmes carried out by the exchange-**

Not Applicable

- e) Steps taken / to be undertaken to improve hedging effectiveness of the contracts as well as to improve the performance of illiquid contracts.**

Not Applicable

- f) Any other information to be disclosed as deemed important by the exchange or as suggested by the PAC**

Not Applicable

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